

## Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 AF-10 CIAE-00 DODE-00 PM-07 H-03 INR-10

L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 OMB-01 AID-20 IGA-02 EB-11 MC-02 DRC-01 /150 W

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R 261554Z DEC 73

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 8931

INFO USCINCEUR

C O N F I D E N T I A L LISBON 4704

E.O. 11652: GDS

TAGS: MARR PO

SUBJ: IMPLEMENTATION OF 1971 AZORES BASE

AGREEMENT: NON-MILITARY EXCESS

1. SUMMARY: LACK OF IMPLEMENTATION OF \$5 MILLION  
EXCESS NON-MILITARY EQUIPMENT PROVISION OF AZORES  
AGREEMENT WAS RAISED BY GOP DURING SECRETARY'S  
DECEMBER 17-18 VISIT. USG HAS OFFERED WIDE VARIETY  
OF ITEMS, ALL REJECTED BY GOP. WHILE PORTUGUESE  
ADMIT WE HAVE MADE "A GOOD EFFORT", NON-FULFILLMENT  
OF THIS PROVISION REMAINS A TROUBLESOME BACKGROUND  
ISSUE TO CURRENT NEGOTIATIONS. RECOMMEND SPECIAL  
EFFORT BE MADE TO IDENTIFY SEVERAL LARGE ITEMS  
WHICH COULD THEN BE DECLARED EXCESS IN ORDER TO  
DISCHARGE THIS OBLIGATION. END SUMMARY.

2. DURING SECRETARY'S CONVERSATIONS IN LISBON, FONMIN  
PATRICIO RAISED GOP'S DISSATISFACTION WITH THE IM-  
PLEMENTATION OF THE 1971 UNDERTAKING TO SUPPLY \$5  
MILLION IN NON-MILITARY EXCESS EQUIPMENT TO PORTUGAL.  
PATRICIO SAID EVERY EFFORT HAS BEEN MADE TO MAKE GOOD  
ON THE COMMITMENT ON BOTH SIDES, AND SAID HE COULD  
ONLY CONCLUDE IT WAS "NOT A GOOD AGREEMENT". SECRETARY  
UNDERTOOK TO LOOK INTO THE MATTER.

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3. BACKGROUND:

A) IN 1972, AFTER EXCHANGES OF LENGTHY LISTS OF MISCELLANEOUS EQUIPMENT OFFERED AND DESIRED, IT BECAME CLEAR THAT LABYRINTHINE PORTUGUESE BUREAUCRACY AND INCOMPATIBILITY OF PORTUGUESE NOMENCLATURE WITH US PROCEDURES FOR DISPOSAL OF EXCESS WORKED AGAINST SUCCESSFUL IMPLEMENTATION OF THE PROGRAM. IN 1972 GOP TURNED DOWN OFFER OF \$3.4 MILLION WORTH OF TRUCKS AND ROADBUILDING EQUIPMENT(BECAUSE IT WAS GASOLINE DRIVEN) AND A DREDGE BEING USED BY US FORCES IN AZORES (BECAUSE IT WAS TOO SMALL).

B) IN EARLY 1973 GOP FOREIGN MINISTRY CALLED IN AMBASSADOR KNIGHT AND URGED THAT USG TAKE NEW APPROACH TO DRAWING RIGHTS PROGRAM. AT THAT MEETING IT WAS AGREED BOTH SIDES WOULD MAKE EFFORT TO IDENTIFY MAJOR ITEMS, EITHER IN EXCESS OR WHICH MIGHT BE DECLARED EXCESS, WHICH MIGHT BE SUITABLE FOR PORTUGUESE NEEDS.

C) IN THE ENSUING MONTHS GOP REQUESTED FIELD HOSPITALS FOR EMERGENCY DISASTER RELIEF, AUDIO-VISUAL EDUCATION SYSTEMS, HELICOPTERS FOR FIRE-FIGHTING, HOSPITAL EQUIPMENT, MISCELLANEOUS ELECTRICAL AND PUBLIC WORKS EQUIPMENT OF ALL SORTS. IN RESPONSE, USG HAS OFFERED VIDEO CABLE, TV MONITORS, 400-BED EVACUATION HOSPITALS, 200-BED PACKAGED DISASTER HOSPITALS, RAILWAY CARS, FIVE USAF HELICOPTERS THEN IN SERVICE, HARBOR TUGS AND CRANES. IN EACH CASE, AND USUALLY AFTER DELAYS OF UP TO SEVERAL MONTHS, GOP TURNED DOWN EQUIPMENT OFFERED. (TUGS AND CRANES ARE STILL OUT-STANDING, BUT WE UNDERSTAND OFFICIAL REFUSAL WILL BE FORTHCOMING SOON).

D) OVER PAST TWO YEARS OF EFFORTS TO IMPLEMENT PROGRAM THIS ISSUE HAS BEEN FOLLOWED UP CLOSELY BY MISSION BOTH WITH FOREIGN AND DEFENSE MINISTRIES AND OTHER GOP AGENCIES. DOD OFFICIALS HAVE COME FROM US AND CINCEUR TO MEET WITH PORTUGUESE COUNTERPARTS. SIX MEMBER PORTUGUESE TEAM VISITED GERMANY TO INSPECT EVACUATION HOSPITALS, ACCOMPANIED BY MAAG OFFICER.

4. WHILE LACK OF POSITIVE RESULTS IS DUE TO MANY FACTORS, PRINCIPAL REASON IS THAT WITH SOME EXCEPTIONS

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(SUCH AS UNUSED EVACUATION HOSPITALS) ANY ITEM DECLARED TRULY EXCESS TO US NEEDS IS NECESSARILY APPROACHING END OF ITS USEFUL LIFE AND IS IN NEED OF MAJOR REPAIRS; SPARE PARTS FOR SUCH ITEMS CAN BE FOUND ONLY WITH DIFFICULTY. ANOTHER OBSTACLE WAS GOP RULING (SINCE RESCINDED) THAT ANY MINISTRY ACCEPTING EXCESS WOULD HAVE ITS BUDGET REDUCED BY NEW VALUE OF ITEMS RECEIVED. PROBLEMS OF COORDINATION WITHIN CUMBERSOME PORTUGUESE

BUREAUCRACY HAVE CAUSED SOME ITEMS TO BE LOST WHILE  
GOP WAS UNABLE TO MAKE DECISION.

5. GOP HAS APPEARED TO HAVE BEEN ACTING IN GOOD FAITH,  
AND REJECTIONS OF OUR OFFERS HAVE ALL HAD TECHNICAL  
JUSTIFICATION. STILL, WE SHOULD NOT EXCLUDE POSSIBILITY  
THAT, RECOGNIZING SCANT LIKELIHOOD OF OBTAINING REALLY  
USEFUL ITEMS UNDER THIS PROGRAM, GOP HAS MADE HIGH  
LEVEL DECISION TO REFUSE ALL OFFERS, AND PRESERVE  
EXCESS ISSUE FOR TACTICAL ADVANTAGE IN CURRENT AZORES  
NEGOTIATIONS OR IN OTHER BILATERAL CONTEXTS.

6. CLEARLY, EXCESS PROBLEM WILL REMAIN WITH US  
THROUGHOUT CURRENT NEGOTIATIONS. WE CONTINUE TO BE-  
LIEVE THAT BEST HOPE FOR DISCHARGING THIS OBLIGATION  
RESTS IN IDENTIFYING AND DELIVERING A FEW MAJOR ITEMS.  
WE PROPOSE THAT USG SELECT MAJOR INFRASTRUCTURE ITEMS  
FROM AREA WHERE GOP HAS EXPRESSED INTEREST WHICH ARE  
NOT RPT NOT AT END OF THEIR USEFUL LIFE, AND DECLARE  
THEM EXCESS SPECIFICALLY FOR PRESENTATION TO PORTUGAL.  
WHILE THIS GOES BEYOND ORIGINAL EXCESS AGREEMENT, WE  
BELIEVE ONLY SUCH EXTRAORDINARY MEASURES WILL ENABLE  
US TO REMOVE THIS IRRITANT FROM OUR CURRENT BILATERAL  
RELATIONS.

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